

**RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)**

Ref. No. RFC/LA-13(11)/923

Dated : 13.08.2004

**CIRCULAR
(LA-400)**

**Sub : Criteria for Credit Rating System of
the Promoter and the Project.**

The Corporation is, at present, operating on fixed rate of interest to all category of the borrowers. But looking to the high NPA level and stiff competition in the market, a need is being felt for suitable "Risk Management" through more specific and scientific evaluation of the promoter and the project to ensure sound loan portfolio for the Corporation with the facility of charging differential rate of interest as per the ranking of the proposal. This system will certainly attract good business and will help in reducing NPA level.

The matter was considered by the Board in its Meeting held on 21.06.04 and Board has approved the criteria for credit rating of the project and its promoter (s).

To begin with, the "Credit Rating System" will be applicable for term loan cases of above Rs. 50.00 lacs only. However, loan cases of commercial /residential complex including multiplexes, tourism related activities including hotels/ heritage hotels and restaurants, Hospitals and Nursing Homes, Financing Against Assets Scheme and Good Borrowers shall be out of purview of this system as all such case are comparatively more secured. Wind Energy Projects /Wind Farms, being infrastructure projects, have also been excluded. Detailed procedure for Credit Rating is enclosed at **Annexure-A** and detailed criterial for Credit Rating is enclosed at **Annexure-B**.

Whenever the Branch will forward any proposal other than the above cases where term loan requirement is above Rs. 50.00 lacs, it will also forward the "Credit Rating Proforma" duly filled in alongwith supporting documents as

per the criteria laid down for the purpose in **Annexure-C** except point 3 i.e. "Financial risk".

Review of credit rating will be allowed at the choice of concerned entrepreneur after one year on payment of 1% of loan outstanding as the processing charges for revising rate of interest for the remaining period.

Branch Managers are required to send the proforma of Credit Rating System duly filled in a sealed envelope separately to GM (Loans). The contents of the proforma shall be examined by the concerned appraisal team confidentially and the rating shall be disclosed to PC&CC during the discussions of the case. Strict secrecy of system shall be maintained.

All concerned are required to make a note of it and apply the system henceforth for all cases seeking financial assistance above Rs. 50.00 lacs other than the cases/schemes mentioned above.

Sd/-
(SANJAY DIXIT)
Chairman & Managing Director

Encl : as above.